

SENATE BILL No. 432

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-1-8.8; IC 6-1.1-12.

Synopsis: Deductions for residential rental property. Establishes property tax deductions for residential rental property. Limits an applicant to five deductions per year.

Effective: July 1, 2004.

Alting

January 12, 2004, read first time and referred to Committee on Finance.

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Introduced

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

SENATE BILL No. 432

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-1-8.8 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2004]: **Sec. 8.8. "Multifamily dwelling complex" refers to one (1)**
4 **or more adjacent tracts and the building or buildings on the tracts**
5 **that each contain at least two (2) residential units and are under**
6 **common management or control.**

7 SECTION 2. IC 6-1.1-12-43 IS ADDED TO THE INDIANA CODE
8 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
9 1, 2004]: **Sec. 43. (a) Subject to section 45 of this chapter, the owner**
10 **of a multifamily dwelling complex is entitled to a deduction from**
11 **the assessed value of the multifamily dwelling complex in an**
12 **amount equal to the lesser of:**

13 **(1) the lesser of:**
14 **(A) five thousand dollars (\$5,000) multiplied by the**
15 **number of residential units in the multifamily dwelling**
16 **complex; or**
17 **(B) one-half (1/2) of the assessed value of the building or**



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1 buildings in the multifamily dwelling complex; or
 2 (2) one hundred thousand dollars (\$100,000).
 3 (b) A certificate of occupancy that complies with this subsection
 4 is prima facie evidence that the real property is a multifamily
 5 dwelling complex. To comply with this subsection, the certificate
 6 of occupancy must:
 7 (1) be prepared on a form prescribed by the department of
 8 local government finance;
 9 (2) be signed under penalties of perjury by:
 10 (A) the owner of the multifamily dwelling complex; or
 11 (B) the principal officer of the entity owning the complex;
 12 and
 13 (3) indicate that, as of the assessment date, substantially all
 14 the units in the multifamily dwelling complex were:
 15 (A) leased in arms length transactions; or
 16 (B) held for lease;
 17 for use as rental dwellings.
 18 (c) To obtain the deduction under this section, the:
 19 (1) owner of the multifamily dwelling complex; or
 20 (2) principal officer for the entity owning the multifamily
 21 dwelling complex;
 22 must file a certified application in duplicate, on forms prescribed
 23 by the department of local government finance, with the auditor of
 24 the county in which the property is subject to assessment. The
 25 certified application must be filed before May 11 in the year
 26 containing the assessment date to which the application applies.
 27 (d) The application referred to in subsection (c) must be verified
 28 under penalties of perjury and must contain the following
 29 information:
 30 (1) The assessed value of the building or buildings in the
 31 multifamily dwelling complex.
 32 (2) The full name and complete address of the applicant.
 33 (3) A brief description of the real property.
 34 (4) The name of any other county in which the applicant has
 35 applied for a deduction under this section.
 36 (5) Any other information required by the department of local
 37 government finance.
 38 A certificate of occupancy complying with subsection (b) must be
 39 included with or incorporated into an application.
 40 (e) The owner may not claim the deduction provided under this
 41 section with respect to a multifamily dwelling complex to the extent
 42 that:

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(1) a homestead credit is available for the multifamily dwelling complex under IC 6-1.1-20.9; or

(2) the standard deduction is available for the multifamily dwelling complex under section 37 of this chapter.

SECTION 3. IC 6-1.1-12-44 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 44. (a) For purposes of this section, "single family residence" means:

(1) a single family residential structure; or

(2) a:

(A) mobile home; or

(B) manufactured home;

that is not assessed as real property.

(b) Subject to section 45 of this chapter, the owner of a single family residence leased as described in subsection (c)(3) is entitled to a deduction from the assessed value of the residence equal to the lesser of:

(1) one-half (1/2) of the assessed value of the residence; or

(2) five thousand dollars (\$5,000).

(c) A certificate of occupancy that complies with this subsection is prima facie evidence that a single family residence qualifies for a deduction under this section. To comply with this subsection, the certificate of occupancy must:

(1) be prepared on a form prescribed by the department of local government finance;

(2) be signed under penalties of perjury by:

(A) the owner of the residence; or

(B) the principal officer of the entity owning the residence; and

(3) indicate that, as of the assessment date, the residence was leased in an arms length transaction for use as a rental dwelling.

(d) To obtain the deduction under this section, the owner of a single family residence must file a certified application in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the property is subject to assessment. With respect to real property, the certified application must be filed before May 11 in the year containing the assessment date to which the application applies. With respect to a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property, the certified application must be filed before March 2 in the year

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1 containing the assessment date to which the application applies.

2 (e) The application referred to in subsection (d) must be verified
3 under penalties of perjury and must contain the following
4 information:

5 (1) The assessed value of the single family residence.

6 (2) The full name and complete address of the applicant.

7 (3) A brief description of the property.

8 (4) The name of any other county in which the applicant has
9 applied for a deduction under this section.

10 (5) Any other information required by the department of local
11 government finance.

12 A certificate of occupancy complying with subsection (c) must be
13 included with or incorporated into an application.

14 SECTION 4. IC 6-1.1-12-45 IS ADDED TO THE INDIANA CODE
15 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
16 1, 2004]: Sec. 45. (a) The owner of a multifamily dwelling complex
17 may not receive the deduction provided under section 44 of this
18 chapter in each year for more than five (5) multifamily dwelling
19 complexes in Indiana.

20 (b) The owner of a single family residence may not receive the
21 deduction provided under section 44 of this chapter in each year
22 for more than five (5) single family residences in Indiana.

23 (c) The auditor of a county (referred to in this section as the
24 "first county") with whom a deduction application is filed under
25 section 43 of this chapter shall immediately prepare and transmit
26 a copy of the application to the auditor of any other county
27 (referred to in this section as the "second county") if the applicant
28 has applied for a deduction under section 43 of this chapter in the
29 second county.

30 (d) The auditor of the second county shall note on the copy of
31 the application either:

32 (1) that a deduction under section 43 of this chapter has been
33 allowed for the same applicant in the second county with
34 respect to one (1) or more properties; or

35 (2) that no deduction application for a deduction under
36 section 43 of this chapter has been filed by the same applicant
37 in the second county.

38 The auditor shall then return the copy to the auditor of the first
39 county.

40 (e) The auditor of the first county may not allow a deduction
41 under section 43 of this chapter if the county auditor receives
42 notice under subsection (d) that a deduction under section 43 of

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1 this chapter has been allowed for the same applicant in other
2 counties for more than four (4) multifamily dwelling complexes.

3 (f) A county auditor shall apply to deductions under section 44
4 of this chapter the same procedures and limitations that apply
5 under subsections (c) through (e) to deductions under section 43 of
6 this chapter.

7 SECTION 5. [EFFECTIVE JULY 1, 2004] The following, all as
8 added by this act, apply only to property taxes first due and
9 payable after December 31, 2005:

10 (1) IC 6-1.1-12-43.

11 (2) IC 6-1.1-12-44.

12 (3) IC 6-1.1-12-45.

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